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RUEHBY/AMEMBASSY CANBERRA 1602  
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SUBJECT: WHALING: PRIVATE SECTOR GETS OUT OF WHALING  
BUSINESS BUT NO CHANGE IN GOJ POLICY

REF: A) 05 TOKYO 2193; B) 05 TOKYO 2932;

C) 05 TOKYO 6131

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SUMMARY  
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1. Five private fisheries companies that own Kyodo Senpaku, the owner and operator of the vessels used in Japan's lethal research whaling program, have collectively decided to give away their shares to several public-interest organizations, including the Institute of Cetacean Research (ICR). GOJ officials and other stakeholders in the Japanese whaling community claim the move underpins the public nature of Japan's whaling program, which they claim is supported by the entire nation. No changes in Japan's lethal research whaling program are expected, although the credibility of Japan's call for a resumption of commercial whaling may be further undermined. The real motive from the shareholders is their long-standing desire to free themselves from the hook of anti-whaling NGO pressure and its negative effect on their globally expanding food business. END SUMMARY.

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Shares Donated, Research Whaling "Belongs to Nation"  
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2. On March 24, Kyodo Senpaku Kaisha Ltd., which owns and operates the fleets used by Japan's lethal research whaling program, announced that its five parent companies would donate their shares to several public-interest organizations, including the ICR. Kazuo Yamamura, President of Kyodo Senpaku, explained at a press conference that the move demonstrates the public nature of Japan's research whaling activities and aims at gaining a broader support base from the public for its expanded lethal whaling program, JARPA II (refs).

3. Kyodo Senpaku's 5,730 shares were each valued at Yen 10,000 (USD 84), with a total value of only Yen 57.3 million (USD 490,000). The current shareholders are five private fisheries and food processing/distribution

companies: Nissui (31.9 percent share), Kyokuyo and its subsidiary Kyokuyo Suisan (31.9 percent collectively), Taiyo A&F (percentage not disclosed) and Delmar Development (percentage not disclosed). According to Tadashi Tomisawa at the Accounting Division of Kyodo Senpaku, only the IRC has been designated as one of the share recipients. Other potential candidates are still under negotiation. He said the company hopes to complete the process of the shareholder changeover by June or July.

14. According to Mr. Shimizu, Public Relations Manager at Nissui, the largest shareholder of Kyodo Senpaku, the company respects the decision by Kyodo Senpaku and has no intention of selling its shares to the public organizations. Shimizu, who refused to reveal his first name, explained by way of background that Kyodo Senpaku took on Nissui's former whaling crew members when Japan withdrew from commercial whaling in 1987, so Nissui considers it a fair trade-off to give away its shares which are valued at Yen 18 million (USD 152,000). In a press conference on April 6, Naoya Kakizoe, President and CEO of Nissui, announced that the company would cease operations selling canned whale meat as well, which means an end to the company's whaling-related business altogether.

#### Global Food Company Chose "Harmonious Approach"

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15. Shimizu emphasized that the company wants to keep a low-profile on the issue, as it was torn between the GOJ's whaling policy and the company's own expanding global business in the U.S., Europe, New Zealand and South America, which has required it to take a more "harmonious" approach in line with other countries' local values toward whaling. Asked if the company had been pressured by Greenpeace and other NGOs to divest its shares of Kyodo Senpaku and related whale meat businesses, Shimizu admitted that Greenpeace had launched "fierce attacks" on its U.S. subsidiaries, though he declined to give more specifics.

16. Mizuki Takana, Oceans Campaigner at Greenpeace Japan, told us that Greenpeace International had published reports on its website about Nissui's involvement in whaling from late November to December 2005 as part of its campaign called "Defending Our Oceans". This led some grocery store chains in California to exclude products of Nissui's U.S. subsidiary Gorton's, a frozen food company, which Takana believes was the major factor in Nissui's decision to relinquish its shares. When Takana met with Nissui representatives in mid-November 2005, they told her that canned whale meat does not sell well and that the company had no intention of getting involved in whaling again, even if commercial whaling resumed. Junko Sakuma, a journalist and long-time whaling industry watcher, assumes that Nissui would probably have encouraged the other shareholders to take similar action together -- just "donating" shares to "public organizations" -- so they could be completely off the hook of anti-whaling pressure, to avoid further hurting their brand image in both Japan and anti-whaling countries.

#### Implications: No Change for Research Whaling

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17. Japan's major players involved in whaling uniformly argue that the shareholder change will have no major impact on the operations of the current Japanese lethal research whaling program. Haruo Tominaga at the Far Seas Fisheries Division at the Fisheries Agency of Japan (FAJ) said that the move would simply make it clear that the lethal research whaling program is backed by the entire nation. Hiroshi Hatanaka, Director General of the ICR, told EST FSN that even before the move, "we heard that Kyodo Senpaku had never paid dividends to its

shareholders", so he believes the money flow -- the GOJ pays subsidies to the ICR, which the ICR then pays to Kyodo Senpaku for vessel fees including labor costs for the crew -- will remain unchanged. Kyodo Senpaku will continue to be the owner and operator of all the vessels. Yoshihiko Tashiro of Tonichi Company, one of the GOJ-accredited whale meat wholesale/processing companies, also said that his company had not heard from the GOJ of any possible changes to the industry. With regard to the increased amount of whale meat expected from JARPA II, Yamamura at Kyodo Senpaku stated in a press conference on March 24 that the company plans to expand its business in whale meat processing and distribution by establishing its own subsidiary, according to the March 27 issue of the Minato Shimbun, a fisheries trade newspaper.

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End of Commercial Whaling? More of the Same  
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18. Asked about possible impacts on Japan's desire to resume commercial whaling, Tominaga at the FAJ said that it was "not the time to comment on that". But veteran observers of the whaling scene interpret the latest developments as virtually signaling the end of any realistic quest for commercial whaling in Japan. Shigeko Misaki, an independent whaling analyst and former adviser to the Japan Whaling Association, said that "no one could counter the argument that there are no longer any germs of commercial whaling in Japan". Tetsuji Ida, staff writer for Kyodo News, however, questions whether this really means a victory for environmentalists, as Greenpeace claims, since nothing has really changed. Sakuma had a similar view and argues that the current scale and structure of Japan's whaling operations have reached an optimal state for the industry in terms of capacity and supply/demand. The status quo currently serves the vested interests of the Japanese whaling community quite nicely, she says. Therefore, we can expect no changes in Japan's lethal research program. The annual GOJ subsidy to the IRC of Yen 900 million (USD 7.6 million) is unlikely to become a target of PM Koizumi's budget-cutting reform efforts either. Sakuma recounted that, when the Ministry of Finance once tried to cut FAJ/ICR's whaling subsidy, it was strongly opposed and written off by pressure from the ruling Liberal Democratic Party's Whaling Caucus.

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COMMENT  
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19. The shareholder change seems to simply reinforce the status quo in Japan. While prospects for a resumption of commercial whaling appear ever more dim, Japan's lethal research whaling program is likely to become even more entrenched while being repackaged as a public good that benefits the entire nation. Japan's public stance on whaling will remain unchanged, with its industry taking on a simpler structure, less vulnerable to anti-whaling NGOs.

SCHIEFFER